

SYNALLOY CORP  
Form DEF 14A  
March 12, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant (x)  
Filed by a Party other than the Registrant ( )

Check the appropriate box

- Preliminary Proxy Statement  
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 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule  
14a-11© or Rule 14a-12

SYNALLOY CORPORATION  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

- No fee required  
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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction: \_\_\_\_\_

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- 1) Amount Previously Paid
  - 2) Form, Schedule or Registration Statement No
  - 3) Filing Party
  - 4) Date Filed
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SYNALLOY CORPORATION  
Post Office Box 5627  
Spartanburg, South Carolina 29304

NOTICE OF ANNUAL MEETING  
April 24, 2008

TO THE SHAREHOLDERS OF SYNALLOY CORPORATION

Notice is hereby given that the Annual Meeting of Shareholders of Synalloy Corporation will be held at the Company's corporate offices, 2155 West Croft Circle, Spartanburg, South Carolina on Thursday, April 24, 2008, at 10:00 a.m. local time. The following important matters will be presented for your consideration:

1. To elect six directors to serve until the next Annual Meeting of Shareholders or until their successors are elected and qualified;
2. To act upon such other matters as may properly come before the meeting or any adjournment or adjournments thereof.

All of the above matters are more fully described in the accompanying Proxy Statement.

Only shareholders of record at the close of business on February 25, 2008 are entitled to notice of and to vote at the meeting.

By order of the Board of Directors  
/s/ Cheryl C. Carter  
Secretary

Spartanburg, South Carolina  
March 21, 2008

Important: You are cordially invited to attend the meeting, but whether or not you plan to attend, PLEASE FILL IN, DATE, SIGN AND MAIL the enclosed Proxy promptly. If you are a record shareholder and attend the meeting, you may either use your proxy, or withdraw your proxy and vote in person.

The 2007 Annual Report on Form 10-K is furnished herewith.

SYNALLOY CORPORATION  
CROFT INDUSTRIAL PARK  
POST OFFICE BOX 5627  
SPARTANBURG, SOUTH CAROLINA 29304

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

April 24, 2008

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Synalloy Corporation (the "Company") of proxies to be voted at the Annual Shareholders' Meeting to be held at the Company's corporate office, 2155 West Croft Circle, Spartanburg, South Carolina, on Thursday, April 24, 2008, at 10:00 a.m. local time, and at all adjournment(s) thereof. On or about March 24, 2008, we will begin mailing these proxy materials to all shareholders of record as of the close of business on February 25, 2008.

**Quorum and Voting.** The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock of the Company is necessary to constitute a quorum at the Annual Meeting. If a share is represented for any purpose at the annual meeting by the presence of the registered owner or a person holding a valid proxy for the registered owner, it is deemed to be present for purposes of establishing a quorum. Therefore, valid proxies which are marked "Abstain" or "Withhold" and shares that are not voted, including proxies submitted by brokers that are the record owners of shares (so-called "broker non-votes"), will be included in determining the number of votes present or represented at the annual meeting. If a quorum is not present or represented at the meeting, the shareholders entitled to vote who are present in person or represented by proxy have the power to adjourn the meeting from time to time. If the meeting is to be reconvened within 30 days, no notice of the reconvened meeting will be given other than an announcement at the adjourned meeting. If the meeting is to be adjourned for 30 days or more, notice of the reconvened meeting will be given as provided in the Bylaws. At any reconvened meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

**Voting Rights.** The securities which can be voted at the Annual Meeting consist of Common Stock of the Company, \$1.00 par value per share. The record date for determining the holders of Common Stock who are entitled to notice of and to vote at the Annual Meeting is February 25, 2008. On February 25, 2008, the Company had outstanding 6,242,741 (excluding 1,757,259 shares held in treasury) shares of Common Stock. Each record shareholder of Common Stock is entitled to one vote per share on each matter to be voted on at the meeting, except that in the election of Directors shareholders have cumulative voting rights.

If a quorum is present at the Annual Meeting, Directors will be elected by a plurality of the votes cast by shares present in person or by proxy and entitled to vote at the meeting. "Plurality" means that, if there were more nominees than positions to be filled, the individuals who received the largest number of votes cast for directors would be elected. Votes that are withheld or shares that are not voted in the election of directors will have no effect on the outcome of election of directors. Each stockholder of Common Stock entitled to vote for the election of Directors has the right to cumulate his votes either (1) by giving to one candidate as many votes as equal the number of shares owned by such holder multiplied by the number of directors to be elected, or (2) by distributing his votes on the same principle among any number of candidates. Any stockholder who intends to cumulatively vote his shares must either (1) give written notice of such intention to the Secretary of the Company not less than forty-eight (48) hours before the time fixed for the Annual Meeting, or (2) announce his intention in such meeting before the voting for Directors commences. If a stockholder gives notice of his intention to cumulate his votes, all shareholders entitled to vote at the meeting will, without further notice, be entitled to cumulate their votes.

If a quorum is present, all other matters which may be considered and acted upon by the holders of Common Stock at the Annual Meeting will be approved if a majority of shares present and entitled to vote at the meeting cast their votes in favor of the proposals. Abstentions and broker non-votes will have the effect of a vote against such matters.

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**Cost of Solicitation.** The entire cost of soliciting proxies will be borne by the Company. The Company may make arrangements with brokerage houses, nominees, fiduciaries and other custodians to send proxies and proxy material to beneficial owners of the Company's stock and may reimburse them for their expenses in so doing. Proxies may be solicited personally or by telephone, other electronic means or mail by directors, officers and regular employees of the Company without additional compensation for such services. Synalloy has engaged the services of W. F. Doring & Company, a firm specializing in proxy solicitation, to solicit proxies and to assist in the distribution and collection of proxy material for a fee estimated at approximately \$2,500 plus reimbursement of out-of-pocket expenses.

**Information about Voting.** Shareholders of record can vote in person at the Annual Meeting or by proxy. Shareholders of record may vote their proxy by mail or by internet following the instructions on the proxy card. If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from the nominee that you must follow in order for your shares to be voted. If your shares are not registered in your own name and you wish to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a broker's proxy card and bring it to the Annual Meeting in order to vote. If you hold shares in the Synalloy Corporation 401(k)/Employee Stock Ownership Plan, your proxy for these shares must be received by 5:00 p.m., local time, on April 18, 2008 to allow sufficient time for voting by the trustees and administrators of the plan.

**Voting by Proxy.** In voting by proxy with regard to the election of directors, shareholders may vote in favor of all nominees, withhold their votes as to all nominees or withhold their votes as to specific nominees. Shareholders should specify their choices on the accompanying proxy card. All properly executed proxy cards delivered by shareholders to the Company and not revoked will be voted at the Annual Meeting in accordance with the directions given. If no specific instructions are given with regard to the matters to be voted upon, the shares represented by a signed proxy card will be voted "FOR" the election of the persons named in this Proxy Statement as the Board of Directors' nominees for the election to the Board of Directors. If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment.

**Revocability of Proxy.** Any record stockholder delivering a proxy has the power to revoke it at any time before it is voted by giving written notice to the Secretary of the Company at Post Office Box 5627, Spartanburg, South Carolina 29304; by delivering a valid proxy bearing a later date to the Company's offices at 2155 West Croft Circle, Spartanburg, South Carolina; or by attending the meeting and voting in person. Written notice of revocation of a proxy or delivery of a later dated proxy will be effective upon receipt by the Company. Attendance at the annual meeting will not in itself constitute revocation of a proxy. Shareholders who hold their shares in street name with a broker or other nominee may change or revoke their proxy instructions by submitting new voting instructions to the broker or other nominee.

**Householding.** The Securities and Exchange Commission's rules permit us to deliver a single proxy statement and annual report to one address shared by two or more of our shareholders. This delivery method is referred to as "householding" and can result in significant cost savings for us. In order to take advantage of this opportunity, we have delivered only one proxy statement and annual report to multiple shareholders who share an address, unless we received contrary instructions from impacted shareholders prior to the mailing date. If you prefer to receive separate copies of a proxy statement or annual report, either now or in the future, please call us at 864-585-3605, or send your request in writing to the following address: Secretary of Synalloy Corporation, Post Office Box 5627, Spartanburg, SC 29304. If you are still receiving multiple reports and proxy statements for shareholders who share an address and would prefer to receive a single copy of the annual report and proxy statement in the future, please call or write to use at the above address or telephone number.

### ANNUAL REPORT ON FORM 10-K

The Company's Annual Report to Shareholders including Form 10-K for the year ended December 29, 2007, as filed with the Securities and Exchange Commission, accompanies this Proxy Statement. Copies of exhibits to the Form 10-K will be provided upon written request to Cheryl C. Carter, Secretary, Synalloy Corporation, Post Office Box

5627, Spartanburg, South Carolina 29304 at a charge of \$.10 per page. Copies of the Form 10-K and exhibits may also  
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be downloaded from the Securities and Exchange Commission's website at: <http://www.sec.gov>. Such Annual Report to Shareholders does not form any part of the material for soliciting proxies.

**BENEFICIAL OWNERS OF MORE THAN FIVE (5%) PERCENT OF  
THE COMPANY'S COMMON STOCK**

The table below provides certain information regarding persons known by the Company to be the beneficial owners of more than five (5%) percent of the Company's Common Stock as of December 31, 2007. This information has been obtained from Schedules 13G filed with the Securities and Exchange Commission, and has not been independently verified by the Company.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Tontine Overseas Associates, L.L.C. Tontine Capital Partners, L.P. Tontine Capital Management, L.L.C. Jeffrey L. Gendell 55 Railroad Avenue Greenwich, CT 06830	378,816(1)	6.07
Royce & Associates LLC 1414 Avenue of the Americas New York, NY 10019	327,700(2)	5.25

(1) According to the Schedule 13G filed January 14, 2008, these entities and Mr. Gendell expressly affirm that they are acting as members of a group with respect to these shares. The Schedule 13G further states that: Mr. Jeffrey L. Gendell is the managing member of Tontine Capital

Management, LLC (“TCM”) and Tontine Overseas Associates, LLC (“TOA”), and in that capacity directs their operations. TOA serves as investment manager to Tontine Capital Overseas Master Fund, LP. TCM, the general partner of Tontine Capital Partners, L.P. (“TCP”) has the power to direct the affairs of TCP, including decisions respecting the disposition of the proceeds from the sale of the shares of the Company. Each of the clients of TOA has the power to direct the receipt of dividends from or the proceeds of sale of such shares.

- (2) Royce & Associates, Inc. (“Royce”) is an investment advisor registered with the Securities & Exchange Commission under the Investment Advisors Act of 1940.

## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information regarding the ownership of the Company's Common Stock as of February 25, 2008 by each director and nominee for director and each executive officer of the Company for whom compensation information is disclosed under the heading "Executive Compensation."

Name of Beneficial Owner	Common Stock	
	Beneficially Owned as of February 25, 2008	Percent of Class
James G. Lane, Jr.	215,969(1)	3.46
Murray H. Wright	210,203(2)	3.37
Ronald H. Braam	74,423(3)	1.19
Sibyl N. Fishburn	61,515(4)	*
Gregory M. Bowie	43,852(5)	*
Michael D. Boling	40,744(6)	*
Cheryl C. Carter	29,337(7)	*
Carroll D. Vinson	20,456(8)	*
Craig C. Bram	16,517(8)	*
All Directors and Executive Officers as a group (9 persons)	713,016(9)	11.42

\*Less than 1%

1. Includes 26,984 shares held by an IRA; and 93,750 shares owned by his spouse, as to which Mr. Lane disclaims beneficial ownership.
2. Includes indirect ownership of 35,580 shares held by an IRA; 4,830 held by spouse; and 11,890 held in custodial accounts for minor children
3. Includes 32,300 shares which are subject to currently exercisable options; 9,463 shares allocated under the Company's 401(k)/ESOP; and 1,386 shares allocated to spouse under the Company's 401(k)/ESOP.
4. Includes exercisable options to purchase 7,500 shares.
5. Includes 22,593 shares which are subject to currently exercisable options; and 2,552 shares allocated under the Company's 401(k)/ESOP.
6. Includes 4,781 shares allocated under the Company's 401(k)/ESOP.
7. Includes 18,146 shares which are subject to currently exercisable options; and 3,941 shares allocated under the Company's 401(k)/ESOP.
8. Includes 2,055 shares held by spouse which are held in a margin account and may from time-to-time be pledged as collateral.
9. Includes 80,539 shares which are subject to currently exercisable options; and 22,123 shares allocated under the Company's 401(k)/ESOP.



## ELECTION OF DIRECTORS

The Certificate of Incorporation of the Company provides that the Board of Directors shall consist of not less than three nor more than 15 individuals. Upon recommendation of the Nominating Committee, the Board of Directors has fixed the number of directors constituting the full Board at six members and recommends that the six nominees listed in the table which follows be elected as directors to serve for a term of one year until the next Annual Meeting or until their successors are elected and qualified to serve. Each of the nominees has consented to be named in this Proxy Statement and to serve as a director if elected.

If cumulative voting is not requested, the holders of the Board of Directors' proxies will vote the proxies received by them for the election as directors of the six persons named below. If cumulative voting is requested, the proxy agents named in the Board of Directors' form of proxy that accompanies this proxy statement intend to vote the proxies received by them cumulatively for some or all of the nominees in such manner as may be determined at the time by such proxy agents.

If, at the time of the Annual Meeting of Shareholders, or any adjournment(s) thereof, one or more of the nominees is not available to serve by reason of any unforeseen contingency, the proxy agents intend to vote for such substitute nominee(s) as the Board of Directors recommends.

The Board of Directors recommends that shareholders vote "FOR" the election of the six nominees listed below as directors of the Company.

The following table sets forth the names of nominees for director, their ages, the years in which they were first elected directors, a brief description of their principal occupations and business experience during the last five years. There are no family relationships among any of the directors and executive officers. The Board Committee assignments are as of February 25, 2008.

Name, Age, Principal Occupation, Other Directorships and Other Information	Director Since
Sibyl N. Fishburn, age 72 Mrs. Fishburn is a graduate of Hollins University, Roanoke, VA. Mrs. Fishburn is a member of the Nominating/Corporate Governance and Compensation & Long-Term Incentive Committees	1979
James G. Lane, Jr., age 74 Mr. Lane served as Chief Executive Officer of the Company from 1987 until his retirement on January 31, 2002. He has served as Chairman of the Board since 1987 and is a member of the Executive, Compensation & Long-Term Incentive, and the Nominating/Corporate Governance Committees.	1986
Carroll D. Vinson, age 67 From 2000 to 2007, Mr. Vinson was Principal and Managing Member of VH, LLC, a private real estate investment company. He is a member of the Audit, Executive, Nominating/Corporate Governance and Compensation & Long-Term Incentive Committees.	1987
Murray H. Wright, age 62 Mr. Wright is the founder and managing director of Avitas Capital, LLC, a closely held investment banking firm, founded in 1999, in Richmond, VA. In 1986, he founded, and he recently retired as Chief Executive Officer of, the law firm of Wright, Robinson, Osthimer & Tatum, Richmond, VA. He serves on the Audit, Nominating/Corporate Governance and Compensation & Long-Term Incentive	2001

Committees.

Craig C. Bram, age 49 2004

Mr. Bram is the founder and President of Horizon Capital Management, Inc., an investment advisory firm, founded in 1996, in Richmond, VA. Since 1995, he has also been a Managing Director with McCammon Group, a mediation and consulting company based in Richmond, VA. Mr. Bram has been the President of Bizport, Ltd., a document management company in Richmond, VA, since 2002. Since 1997, Mr. Bram has served as the CFO for TrialNet, Inc., an electronic billing company based in Richmond, VA. Mr. Bram serves on the Audit, Compensation and Long-Term Incentive and Nominating/Corporate Governance Committees.

Ronald H. Braam, age 64 2006

Mr. Braam has served as President and Chief Executive Officer of Synalloy Corporation since January 1, 2006. Since December 1999, he has been President of the Company's Specialty Chemicals Group, which is comprised of Manufacturers Chemicals, LLC, Blackman Uhler, LLC, Organic Pigments, LLC and SFR, LLC, wholly-owned by the Company. Mr. Braam serves on the Executive Committee.

BOARD OF DIRECTORS AND COMMITTEES

Director Independence. The Board of Directors has determined that each of the following directors is independent as such term is defined by the NASDAQ Global Market Rules: Craig Bram, Sibyl Fishburn, James G. Lane, Jr., Carroll Vinson and Murray Wright. The Board has also determined that each of the members of the Audit Committee, the Compensation & Long-Term Incentive Committee and the Nominating Committee is independent within the meaning of the NASDAQ Rules.

Board and Board Committee Meetings. During fiscal year 2007, the Board of Directors met four times. All members of the Board attended 75% or more of the aggregate of the total number of meetings of the Board of Directors and of the committees of the Board on which they served. The Company encourages, but does not require, its directors to attend the Annual Meeting of Shareholders. Last year, all directors attended the annual meeting. The Company has standing Executive, Audit, Compensation & Long-Term Incentive and Nominating/Corporate Governance Committees of the Board of Directors.

Executive Committee. The members of the Executive Committee are James Lane, Chair, Carroll Vinson and Ronald Braam. This Committee exercises the authority of the Board of Directors in the management of the business of the Company between the meetings of the Board of Directors. However, this Committee does not have, among other powers, the authority to amend the Certificate of Incorporation or Bylaws, to adopt an agreement of merger or consolidation, to recommend to the shareholders the sale, lease or exchange of the Company's property and assets, to declare a dividend, or to authorize the issuance of stock. This Committee did not meet in 2007.

Audit Committee. The Company has an Audit Committee established in accordance with Section 3(a)(58(A) of the Securities Exchange Act of 1934. The Audit Committee members are Carroll Vinson, Chair, Murray Wright and Craig Bram. The Audit Committee acts pursuant to a written charter adopted by the Board of Directors which is available on the Company's website at: [www.synalloy.com](http://www.synalloy.com). Each member of the Audit Committee is independent as defined in the NASDAQ Rules. The Audit Committee held six meetings during the year. During these meetings, the Audit Committee reviewed and discussed the audited financial statements to be included in the Company's Annual Report on Form 10-K, reviewed and discussed the Form 10-Qs for each quarter with management and the independent auditors prior to filing with the SEC, met independently with the independent auditors, interviewed and selected the independent auditors, reviewed the Audit Committee Charter and had oversight of the development and implementation of the Company's Code of Conduct.

Compensation & Long-Term Incentive Committee. The Compensation & Long-Term Incentive Committee is currently comprised of Murray Wright, Chair, Sibyl Fishburn, Craig Bram, James Lane and Carroll Vinson, all of whom are independent as defined in the NASDAQ Rules. This Committee is governed by a charter which is available on the Company's website at: [www.synalloy.com](http://www.synalloy.com). The Committee is responsible for reviewing and approving salaries, bonuses, incentive compensation and benefits for executive officers of the Company, and for administering and making recommendations with respect to the Company's stock option and stock grant programs, including the granting of options and shares thereunder. This Committee met twice during the last fiscal year.

The Committee considers recommendations from the Company's Chief Executive Officer in setting compensation for executive officers. The Director of Human Resources supports the Committee in its duties, and the Committee may delegate authority to the Human Resources Department to fulfill administrative duties relating to the Company's compensation programs. The Committee has the authority under its charter to retain and terminate, and approve fees for, compensation consultants and other advisors as it deems appropriate to assist it in the fulfillment of its duties. The Committee did not use the services of a compensation consultant in 2007.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee is comprised of Sibyl Fishburn, Chair, Carroll Vinson, Murray Wright, James Lane and Craig Bram, all of whom are independent as defined in the NASDAQ Rules. This Committee is governed by a charter which is available on the Company's website

at: [www.synalloy.com](http://www.synalloy.com). This Committee is responsible for reviewing and recommending changes in size and  
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composition of the Board of Directors and evaluating and recommending candidates for election to the Company's Board. This Committee also reviews and oversees corporate governance issues and makes recommendations to the Board related to the adoption of policies pursuant to rules of the Securities and Exchange Commission, the NASDAQ, and other governing authorities, and as required by the Sarbanes Oxley Act. This Committee met once in 2007.

Compensation Committee Interlocks and Insider Participation. Mr. Murray Wright, Mr. Carroll Vinson, Mr. James Lane, Jr., Mr. Craig Bram and Mrs. Sibyl Fishburn served on the Compensation & Long-Term Incentive Committee. Mr. Lane served as CEO and President of the Company from 1987 until his retirement in January 2002. Mr. Lane joined the Committee in 2005 after qualifying as an independent director.

Related Party Transactions. The Company requires that each executive officer, director and director nominee complete an annual questionnaire and report all transactions with the Company in which such persons (or their immediate family members) had or will have a direct or indirect material interest (except for salaries, directors' fees and dividends on our stock). Management reviews responses to the questionnaires and, if any such transactions are disclosed, they are reviewed by Board of Directors. The Company does not, however, have a formal written policy setting out these procedures. There were no such transactions during the year ended December 29, 2007.

## CORPORATE GOVERNANCE

### Director Qualifications and Nomination Process.

In recommending and evaluating candidates, the Nominating Committee takes into consideration such factors as it deems appropriate based on the Company's current needs. These factors may include diversity, age, skills such as understanding of appropriate technologies and general finance, decision-making ability, inter-personal skills, experience with businesses and other organizations of comparable size, and the interrelationship between the candidate's experience and business background and other Board members' experience and business background. Additionally, candidates for director should possess the highest personal and professional ethics, and they should be committed to the long-term interests of the shareholders.

The Nominating Committee does not have any specific process for identifying director candidates. Such candidates are routinely identified through personal and business relationships and contacts of the directors and executive officers.

The Nominating Committee will consider as potential Board of Directors' nominees persons recommended by shareholders if the following requirements are met. If a shareholder wishes to recommend a director candidate to the Nominating Committee for consideration as a Board of Directors' nominee, the shareholder must submit in writing to the Nominating Committee the recommended candidate's name, a brief resume setting forth the recommended candidate's business and educational background and qualifications for service, the number of the Company's shares beneficially owned by the person, and a notarized consent signed by the recommended candidate stating the recommended candidate's willingness to be nominated and to serve. Additionally, the recommending shareholder must provide his or her name and address and the number of the Company's shares beneficially owned by such person. This information must be delivered to the Secretary of the Company at Post Office Box 5627, Spartanburg, South Carolina 29304 or Croft Industrial Park, Spartanburg, South Carolina 29302, for transmission to the Nominating Committee, and must be received not less than 90 days nor more than 120 days prior to the Annual Meeting of Shareholders. The Committee may request further information if it determines a potential candidate may be an appropriate nominee. Director candidates recommended by shareholders that comply with these requirements will receive the same consideration that the committee's candidates receive. The Nominating Committee routinely meets at the regular quarterly meeting of the Board of Directors next preceding the Annual Meeting.

Nominations for election as Directors may also be made by shareholders from the floor at the Annual Meeting of Shareholders provided such nominations are received by the Company not less than 30 nor more than 60 days prior

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to the Annual Meeting, contain the information set forth above, and otherwise are made in accordance with the procedures set forth in the Company's Bylaws.

#### Shareholder Communications With Directors

Any shareholder who wishes to send communications to the Board of Directors should mail them addressed to the intended recipient by name or position in care of: Corporate Secretary, Synalloy Corporation, Post Office Box 5627, Spartanburg, SC 29304. Upon receipt of any such communications, the Corporate Secretary will determine the identity of the intended recipient and whether the communication is an appropriate shareholder communication. The Corporate Secretary will send all appropriate shareholder communications to the intended recipient. An "appropriate shareholder communication" is a communication from a person claiming to be a shareholder in the communication the subject of which relates solely to the sender's interest as a shareholder and not to any other personal or business interest.

In the case of communications addressed to the Board of Directors, the Corporate Secretary will send appropriate shareholder communications to the Chairman of the Board. In the case of communications addressed to the independent or outside directors, the Corporate Secretary will send appropriate shareholder communications to the Chairman of the Audit Committee. In the case of communications addressed to committees of the Board, the Corporate Secretary will send appropriate shareholder communications to the Chairman of such committee.

#### EXECUTIVE OFFICERS

Information about Mr. Braam, the Company's Chief Executive Officer, is set forth above under "Election of Directors."

##### Name, Age and Principal Position and Five-Year Business Experience

Gregory M. Bowie, age 58  
Vice President, Finance since May 1994.

Cheryl C. Carter, age 57  
Corporate Secretary since June 1987.

Michael D. Boling, age 53  
Mr. Boling has been President of Bristol Metals, LLC, a subsidiary of the Company, since October 1, 2005. He served as Vice President of Bristol Metals' Piping Systems unit from 1987 to 2005.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and any persons who own more than 10% of the common stock of the Company to file with the Securities and Exchange Commission reports of beneficial ownership and changes in beneficial ownership of common stock. Officers and directors are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of the copies of such reports furnished to the Company or written representations that no other reports were required, the Company believes that, during 2007, all filing requirements applicable to its officers and directors were met on a timely basis.

#### COMPENSATION DISCUSSION AND ANALYSIS

Objectives of the Company's Compensation Program. The Company's compensation policies are intended to induce senior managers, including executive officers, to maximize value for shareholders over the long term. There are three components of each compensation package: base salary, short-term cash incentive compensation and long-term incentive compensation. Together, the three elements of compensation for named executives are intended to

attract, retain and incentivise those individuals to the ultimate benefit of the Corporation and its shareholders. Synalloy Corporation has chosen the elements of executive compensation to address different considerations as further described below. Taken together, they fit the Corporation's business model to achieve its long-term goals. Each element addresses different considerations, and without one or more our long-term goals might not be achievable. The three elements of executive compensation are described below, as are the methods used in determining their values.

**Base Compensation.** The Committee determines base salaries by considering market forces in the area, and in the industry applicable to each business unit. Base salaries are set toward the low end of a range defined by our peers of comparable size and in related industries. Given the fact that our manufacturing businesses have, in the past, been cyclical, the Company has attempted to attract and retain the best available talent at the low end of industry base compensation scale. This provides a cushion for the Company in times of reduced profitability.

In addition, the Company considers the facts presented by each individual case including but not limited to the employee's longevity with the Company, his or her educational background and experience, the particular responsibilities of his or her position, the compensation of others with similar background credentials and responsibilities, and his or her past level of performance, as well as prospective assumptions. It is important for the Company to remain competitive with not only its domestic competition, but also its competitors participating in world markets. Therefore, the Company attempts at all levels of management and operations to control costs such that the Company can strive for a relatively low-cost structure. In order to attract the best talent necessary, this element is important because, in our experience, prospective employees view salary levels as the most important determinant of where they choose to work. In order to maintain an advantageous cost structure, it is necessary that the Corporation provide enhancement to base compensation when certain levels of profitability are achieved.

**Short-Term Incentive Compensation.** In order for the approach to base salaries discussed above to be effective, the Company has maintained a cash incentive program which tends to be somewhat more generous than that of our peers when profits are robust, and pays the employees nothing unless minimum returns on average shareholders' equity are achieved. The cash incentive program compensates each manager eligible for such incentive compensation pursuant to a formula based upon returns on average equity in his business unit during the year. The intent is to make every senior manager's cash compensation dependent upon measurable performance criteria. Subsidiary senior managers participate in profit sharing pools determined by the performance of their business units, while the Chief Executive Officer's incentive compensation is based on consolidated profitability.

The formula employed with respect to the cash incentive program is to award an incentive pool to each business unit in an amount equal to 10% of operating income in excess of a threshold of 10% return on average shareholders' equity employed in the business units. A minimum of 60% of the incentive will be paid to designated participants pro rata to their salaries. A maximum of 30% of the incentive pool may be distributed to employees who are not designated participants and a minimum of 10% and a maximum of 40% of the incentive pool may be paid to designated participants in any proportion as recommended by the CEO and approved by the Compensation & Long-Term Incentive Committee. Other senior managers at the Company's headquarters, including the CFO, the Corporate Secretary and other senior executives, receive cash bonuses based upon their individual performance as determined by the CEO and the Compensation Committee & Long-Term Incentive Committee. In the past, cash bonuses have varied from a small percentage of the amount of cash bonuses allocated to the operating companies, to as much as 20% of that amount, depending upon specific circumstances. There is no maximum or minimum amount currently established for these individuals, but there has been an indirect linkage between the size of the cash bonus pool, and the amounts allocated to these individuals. The CEO's cash bonus is specified in his contract of employment with the Company.

**Long-Term Incentive Compensation.** The Company also provides to senior managers a long-term incentive component to compensation. In 2004 and prior years, the vehicle for this component was a series of stock options pursuant to incentive stock option plans adopted in 1988 and 1998. For 2005 and future years, the Compensation &

Long-Term Incentive Committee of the Board of Directors has recommended, and shareholders approved, awarding incentives through grants of restricted stock under the 2005 Stock Awards Plan. Grants of restricted shares instead

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of options are expected to benefit the Company in that it will avoid the complicating issues of accounting for the cost of option grants and reduce the potential dilution to existing shareholders, while exposing the grantees to both the positive and negative aspects of changes in market price of the Company's common stock over time. Grants of restricted stock augment the cash component of compensation in a number of ways. The grants vest in 20% increments over a period of five years from the date of grant as long as the employee remains employed by the Company. Over time, the program provides an incentive for the executive to remain with the Company in the long term, as vesting depends upon continued employment. Goals are prospective, and the executives are made aware, annually, of the Company's long-term values and expectations. Cash compensation is necessarily focused in the near term. Long-term incentive compensation is focused largely on the future.

The Compensation & Long-Term Incentive Committee understands that the costs of stock grants under the Plan are a tax deductible expense to the Company measured on the date of vesting. Cash compensation is a direct expense to the Company in the time frame dictated by applicable accounting rules.

The granting of awards under the 2005 Stock Awards Plan begins with a determination by the Chief Executive Office and the Compensation & Long-Term Incentive Committee of the dollar value of the stock available to be awarded for performance in a given year. The awards are made the following year and the total number of restricted shares available to be awarded is determined by dividing the previously determined dollar value of available stock by the average of the high and low sales prices on the trading day immediately prior to the determination date. The number of shares so determined is the maximum number that may be awarded to all participants for the prior year's performance.

The Chief Executive Officer and the Compensation & Long-Term Incentive Committee also agree at the beginning of the performance year upon specific milestones, largely comprised of measurable business metrics which can be impacted by management. These goals are established and comm